

HIGHER EDUCATION: ANSWERS TO FREQUENTLY ASKED QUESTIONS

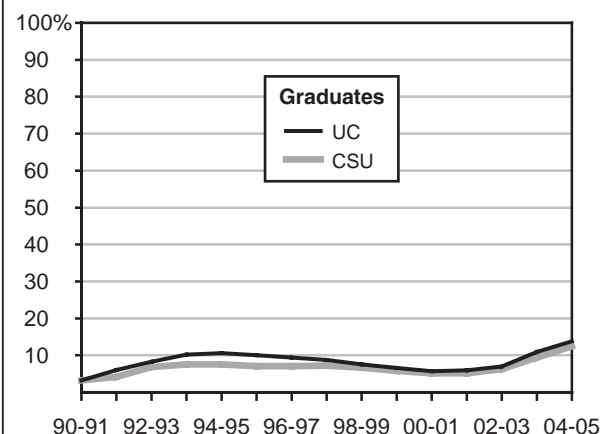
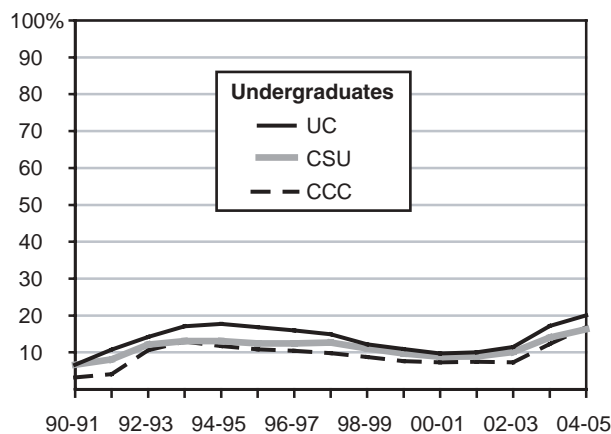
Who Pays Education Costs at California's Public Colleges and Universities?



Student Fees Cover Small Share of Education Costs

- Despite recent fee increases, student fees continue to cover only a small share of total education costs.
- In 2004-05, the systemwide resident undergraduate fee at the University of California (UC), the California State University (CSU), and the California Community Colleges (CCC) covered 24 percent, 20 percent, and 17 percent, respectively, of each system's average operating cost per student (see figure below).
- Similarly, the systemwide resident graduate fee at UC and CSU covered 17 percent and 16 percent, respectively, of the average operating cost per graduate student.
- Because they do not account for facilities costs, even these small proportions overstate the share students pay. Facilities costs, which are difficult to calculate, can add roughly 20 percent to the annual cost of education.

Students Pay Small Share of Operating Costs^a



^aRepresents share of cost paid by full-fee-paying resident students (systemwide average). As discussed on the next page, many lower-income students do not pay education fees.

Who Pays Education Costs at California's Public Colleges and Universities? *(Continued)*



Many Students Do Not Pay Education Fees

- Although higher-income students pay education fees (unless they receive a scholarship), most lower-income students do not pay education fees.
- More than one-third of all UC and CSU undergraduates receive grants or waivers that fully cover education fees. More than 40 percent of all full-time CCC students receive fee waivers that fully cover education fees. Most of these grant recipients are low- to middle-income students.
- Middle-income students at UC, CSU, and CCC who do not receive grants or waivers to cover their education fees may claim the federal Hope or Lifetime Learning tax credits. Both of these credits allow students with family incomes of up to \$103,000 to subtract all or a portion of their education fees from their families' tax liability.
- Of all students responding to a recent UC survey, 27 percent of undergraduates and 37 percent of graduate students claimed one of these tax credits. Dependent undergraduates whose parents reported incomes between \$60,000 and \$80,000 were most likely to claim the tax credits. (No data are available for the other segments.)

LAO References

- *Analysis of the 2004-05 Budget Bill* (page E-197).
- *A Share-of-Cost Fee Policy* (April 2004).